Receipts and Disbursements of the **Budget Estimates** of 1928-29 and the Accounts of 1927-28.

DISBURSEMENTS.	Budget Estimate, 1929-30	Revised Estimates, 1928-29	Accounts, 1927-28
DIRECT DEMANDS ON REVENUE	54,50,000	52,02,000	49,79,654
CHARGES AGAINST MINING REVENUE	2,10,000	2,05,000	2,07,693
INTEREST AND SINKING FUNDS	58,12,000	55,90,000	54,55,002
PALACE	26,10,000	26,10,000	26,10,000
CIVIL ADMINISTRATION	40,15,000	39,14,000	39,25,399
PROTECTION	43,37,000	42,60,000	40,76,419
PUBLIC WORKS	37,14,000	38,37,000	33,74,485
MORAL AND MATERIAL DEVELOPMENT	72,60,000	68,45,000	59,97,080
LOCAL SELF-GOVERNMENT	7,93,000	7,46,000	7,03,449
ARMY AND DEFENCE	43,39,000	43,61,000	53,91,005
FAMINE RELIEF	...	...	...
MISCELLANEOUS RAILWAY AND ELECTRICAL EXPENDITURE	20,000	26,000	20,619
PECIAL RESERVE FOR NON-RECURRING EXPENDITURE...	...	4,13,000	98,247
TOTAL EXPENDITURE ...	3,85,60,000	3,80,09,000	3,68,39,052
Deduct—EXPENDITURE MET FROM RESERVES ...	*15,17,000*	*10,41,000*	*7,98,702*
TOTAL EXPENDITURE CHARGED TO REVENUE ...	3,70,43,000	3,69,68,000	3,60,40,350
SURPLUS+ DEFICIT— ...	+50,000	+30,000	+40,623
Total ..	3,70,93,000	3,69,98,000	3,60,80,973
CAPITAL OUTLAY NOT CHARGED TO REVENUE ...	92,73,000	94,41,000	68,51,058
COMMUTATION OF PENSIONS	1,55,100	2,68,400	1,62,101
DEBT, DEPOSITS AND ADVANCES—			
Investment Account—Net	...	5,94,200	...
Permanent and Temporary Debt—Net	1,000	1,000	...
Local and other Funds—Net	3,10,600	...	11,56,845
Deposits—Net	2,09,000	...	...
Advances—Net	4,49,000	9,87,600	3,97,672
Account current with the Accountant-General, Madras—(Net)	..	..	1,17,142
Suspense—(Net)	...	9,200	98,809
Departmental Balance—(Net)	...	...	6,062
Loans—(Net)	3,20,300	46,000	...
Miscellaneous—(Net)	...	52,600	3,21,047
Total ...	1,07,18,000	1,14,00,000	91,10,736
Closing Balance ...	51,81,000	68,92,000	79,90,077
Grand Total ...	1,58,99,000	1,82,92,000	1,71,00,813

Budget Estimates, 1929-30.

40. The Budget for next year counts on a revenue of Rs. 370·93 lakhs and the programme of expenditure provides for an outlay of Rs. 385·60 lakhs, of which Rs. 15·17 lakhs will be debited to the several Reserves. The net expenditure chargeable to revenues of the year will be Rs. 370·43 lakhs. The Revenue transactions of next year are expected to result in a surplus of Rs. 50,000.

41. The main features of the Estimates of next year will now be briefly explained.

42. The total revenue in the next year is expected to show a rise of Rs. ·95 lakhs over the Revised. This is the net result of increases under certain heads and decreases under others, as detailed below.

The heads in which increases occur are—

		Rs.	
IX.	Interest	1·49	lakhs.
XIII.	Miscellaneous	1·90	,,
XXIV.	Railways	·70	,,
XXV.	K. R. S. Hydro-Electric and Irrigation Works	1·81	,,

Percontra.—Forest, Excise and Income-tax will show a decrease of Rs. 2·26 lakhs, 1·56 lakhs and ·61 lakh respectively.

Land Revenue.

43. Land Revenue is not expected to show any appreciable rise in the next year. The resettlements of all Taluks except Nanjangud having been completed, account is taken of the increase anticipated from the resettlement of this taluk alone in the next year. Fees realised under the scheme of Record of Rights are appropriated for reduction of expenditure connected with its introduction.

Forest.

44. Sales of Sandal oil have been exceptionally good in the current year. It is not safe to count on the continuance of the present high level of business for estimating the amount available for the administration. The next year's Budget is accordingly based on the average of five years' net receipts.

A sum of Rs. ·56 lakhs is expected as profits from the creosoting of timber at Bhadravati.

Excise.

45. Results of the sales of excise privileges for vend of Toddy and Arrack during the next year, held so far, are not unsatisfactory, but a fall is likely in the rentals of shops not yet sold. Decrease in consumption of Ganja and Majum is also anticipated.

In view of this and of the tendency towards temperance movement and reform, it is considered advisable to place the Budget at about Rs. 1·37 lakhs lower than the Revised.

Income-tax.

46. Trade depression and reduced profits of the Mines account for the fall of ·61 lakh under Income-tax.

Interest.

47. The increase of Rs. 1·49 lakhs over the Revised is nominal and is due to a change in the presentation of the accounts.

The current interest on the Famine Reserve Fund is being treated as one of the reserves for Irrigation outlay and appropriated for financing Irrigation Works chargeable to Revenue. The net expenditure exclusive of that financed from the several reserves is charged to the State Budget. Under the arrangement sanctioned in Government Order No. Fl. 7714-63—G. F. 149-28-1, dated 19th April 1929, a minimum annual grant of Rs. 10 lakhs including the current interest on the Famine Fund should be allotted from General Revenues for speeding up the construction of Irrigation Works. In view of this, the interest accruing on the Famine Fund is taken as a receipt, instead of as a deduct entry on the expenditure side.

Miscellaneous.

48. The head XIII Miscellaneous will show substantial improvement, as a special income of about Rs. 2 lakhs is expected from the sale of building sites in the new extension behind the Central Jail, Bangalore. The expectation of realising the sale proceeds in the current year is not likely to materialise.

Railways.

49. Normal increases in traffic earnings, savings in working expenses of the Railways worked by the Government due to favourable terms obtained for freight on coal, and the anticipated opening of the Shimoga-Ragihosahalli Railway line from January 1929 are the causes which contribute to an improvement of Rs. ·70 lakh under receipts from Railways.

KRISHNARAJASAGARA HYDRO-ELECTRIC AND IRRIGATION WORKS.

50. In accordance with the agreement entered into with the Madras Government the Metur work is expected to consume about 2,500 H. P. It is anticipated that an increase of Rs. 1¾ lakhs will be realised from this source as against Rs. 35,000 in the current year. This factor as well as normal development in power consumption in the Cities of Mysore and Bangalore and the lighting installations in several towns, *viz.*, Bowringpet, Kolar, Channapatna, Closepet, Nanjangud, Seringapatam and Tumkur, the Municipal Councils of which have guaranteed interest on capital outlay, account for the improvement of Rs. 1·87 lakhs in the Electrical Revenue of the ensuing year.

IRON WORKS.

51. The Budget of Iron Works for the next year provides for an Operation expenditure of Rs. 18,65,200 against Rs. 15,13,500 in the current year. The increased provision of about Rs. 3,51,700 is necessitated by larger consumption of raw materials due to anticipated increase in the production of pig iron, slightly higher rates assumed for collection of wood, provision made on account of the new Pipe Foundry, and for re-assembling the present Pipe Foundry Plant in the new building, and also for "Special Repairs."

The revenue account of the Works is expected to result in a surplus of Rs. 2,48,700, which will as usual be reserved for depreciation.

52. A comparative statement of Revenue receipts of next year with reference to the revised is annexed.

[In lakhs of rupees.

Group Heads	Revised 1928-29	Budget 1929-30	Increase+ Decrease−	Remarks
Principlal Heads of Revenue.—	Rs.	Rs.	Rs.	
I. Land Revenue ...	1,27,56	1,27,74	+·18	Includes the increase anticipated from the resettlements of the Nanjangud Taluk (50)
II. Forest ...	43,30	41,04	−2,26	Normal sales of Sandal Oil estimated in the next year due to the probable increase in West Australian competition in Japan.
III. Excise ...	68,93	67,56	−1,56	Decreased receipts under Arrack and Toddy are expected. As the temperance movement spreads, fall in consumption and revenue is likely.

Group Heads	Revised 1928-29	Budget 1929-30	Increase+ Decrease—	Remarks
IV. Income-tax ...	13,13	12,52	—·61	Decrease estimated under "Ordinary collections", "Recoveries from profits of Mining Companies" and "Super-tax.
V. Stamps ...	22,77	22,83	+·6	Small increase.
VI. Registration ...	3,89	3,90	+·1	Do
Total ..	2,79,58	2,75,40	—4·18	
VII. Surplus Revenue of the Assigned Tract	1,81	1,95	+14	Do
VIII. Mining Revenue	13,06	12,65	·—41	Fall under Royalty on Gold due to less production anticipated.
IX. Interest ...	7,65	9,14	+1,49	The interest realisable on the Famine Insurance investments is now shown under this head.
Civil Administration ...	3,14	4,95	+1,81	Due to receipts expected from sale of sites in new extension behind the Central Jail compound, Bangalore City.
Major Heads X to XII.				
Protection	1,36	1,39	+3	Small increase.
Major Heads XIV to XVIII	...	...	...	.....
Public Works ...	4,49	4,13	-36	Due to the question of the abolition of some of the toll-gates having been under consideration.
XIX and XIX A ...				
Moral and Material Development XX—XXII.	2,80	2,68	—12	Small decrease.
XXIII. Army and Defence.	81	87	+6	.....
XXIV. Railway Revenue account Net receipts.	26,21	26,91	+70	Reduction of working expenses in the Lines worked by Govt.
XXV. Krishnarajasagara Hydro-Electric and Irrigation Works.— Net receipts.	28,22	30,09	+1,87	Increased power receipts expected from Metur Project. Moffussil Lighting installations.
Industrial and other works. Net receipts.	85	83	2	.....
Total ...	3,69,98	3,70,93	95	

Expenditure.

53. *Turning now to the expenditure side.*—The expenditure programme of next year contemplates an outgoing of Rs. 385·60 lakhs against Rs. 368·39 lakhs in the last closed year. This increase of Rs. 17·11 lakhs, not-with-standing the reduction of the subsidy by 10½ lakhs, is due not so much to expansion of normal work of the Administration as to new activities undertaken in the Departments of Education, Agriculture, Irrigation, Land Revenue, Forest and Grants for Public Improvements These vital Departments are among themselves responsible for he growth in expenditure aggregating Rs. 19½ lakhs.

54. The more important variations as compared with the Revised Estimates and the chief items for which provision has been made in the Budget will now be referred to.

55. Under 1 Land Revenue, a lump sum provision of Rs. 15,000 is made for revising the pay of the subordinate revenue establishment.

For the revision survey of coffee lands in the Kadur District, where cases of encroachments have come to notice, an allotment of Rs. 10,000 is proposed.

Additional funds are provided for phoding of lands with a view to speed up the disposal of darakhasts.

Government have considered it desirable to buy up in Revenue sales Inam lands forfeited for non-payment of arrears, so as to extinguish the inam tenure. And for this purpose a provision of Rs. 15,000 has been made in the next year's Budget.

These items mainly account for the increase of Rs. 83,000 in the Land Revenue Department.

The scheme of Record of Rights will have been introduced in seven taluks before the end of this year. It is proposed to extend it to six more taluks during the ensuing year. This scheme has so far been self-supporting. The fee receipts have more than covered the expenditure. There was a net excess of receipts over expenditure to the extent of Rs. 37,899 in 1927-28. For the next year, a lump sum provision of Rs. 2 lakhs has been made, which is expected to be financed from the fees recoverable for mapping and sub-division of lands.

56. The Forest Department requires adequate funds for larger exploitation of timber to supply sleepers to the Railway Department and balgi poles to the Electrical Department. Supply of firewood to the Mysore Railways and Sandal Oil Factory has also to be arranged for. Special attention is being paid to cultural operations, and there is greater activity in regard to sowing and planting. With a view to secure better prices it is necessary to have the depots stocked with seasoned timber. The Forest Budget is accordingly placed at Rs. 15·34 lakhs about the same as the Revised.

57. A special addition of Rs. 1½ lakhs has been made under 3 Excise, to provide for the purchase of the plant and machinery in the Excise Distillery from the outgoing contractor, as the present arrangement of asking the incoming contractor to pay for these has not been found satisfactory. The present manufacturing contract terminates by the end of June 1929 and a new contractor will take up the business from 1st July 1929.

Opportunity has been taken of this change in the contract to take over the stock and block at a fair valuation. This investment will yield a reasonable return and account is taken on the receipt side for interest and depreciation charges realisable from the new contractor.

58. The Major head-9 Interest on debt and other obligations is responsible for an increase of Rs. 2·22 lakhs chiefly on account of interest payable on accretions to five-year fixed deposits in the Savings Bank and the balances of the State Life Insurance Fund.

59. The Pension Budget will be enhanced from Rs. 14·98 to 16·16 lakhs to meet the annual growth under Superannuation and Retired allowances and also to provide for payments of compassionate gratuity under the new scheme sanctioned in G. O. No. Fl 7418-77—S. & A. 252-28-4 dated 1st—3rd April 1929 for affording relief to the families of officers dying in harness or soon after retirement.

The pension charges in 1918-19 were Rs. 8·84 lakhs and the provision made in the next year's estimate is Rs. 16·16 lakhs.

The subjoined statement shows the growth of the pension charges from 1918-19 to 1929-30 (Budget).

15. PENSIONS AND ALLOWANCES.

[In lakhs of rupees.

	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27	1927-28	1928-29 Budget	1929-30 Budget
1. Political Pensions and Allowances.	·77	·81	·75	·78	·77	·81	·80	·76	·71	·74	·77	·77
2. Superannuation and retired allowances.	1·91	7·87	8 15	9 21	9·95	10·85	11·88	12·08	12 76	13·46	13·72	14·19
3. Compassinate allowances ...	·08	.07	·08	·06	·07	·09	·11	·13	·10	·8	·11	·14
4. Gratuities	·08	.07	·08	·12	·18	·21	·18	·13	·12	·17	·14	·65
5. Commuted value of pensions.	...	...a	2·13	...	...	...	...	...	...	...	·39	·65
Total ...	8·84	8·82	11·19	10·19	10·97	11·96	12·97	13·10	13·69	14·45	15·13	16·16

(a) In 1920-21, the entire amount of commuted value was shown under this head. The scheme was in abeyance till 1927-28.

While the average annual growth was about Rs. 30,000 up to 1919-20, the period of five years between 1920-21 to 1924-25 records an increase of nearly Rs. 4 lakhs in Superannuation and Retired allowances *i. e.*, from Rs. 7·87 lakhs to 11·88 lakhs. This was mainly due to the comparatively larger number of retirements due to retrenchments in establishments necessitated by the financial exigencies of the time.

Increase in staff owing to expansion of activities in Government departments and better living of pensioners possibly account for the annual growth of ·60 lakh in recent years.

60. The grant under Police is enhanced by about Rs 75,000. The Inspector General of Police has submitted proposals for the re-organisation of the Police Department, providing for increases in pay as well as strength of the subordinate police force, at an aggregate cost of Rs. 2 lakhs per annum. To meet the more urgent requirements of the Police Force a sum of Rs. 50,000 has been allotted in the next year's budget.

Provision has also been made for normal increases in establishment, contingencies and travelling allowances.

61. The grant for Irrigation Works charged to revenue has been enhanced to Rs. 75 lakhs, of which Rs. 10 lakhs will be charged to General Revenues including the current interest on the Famine fund and the balance of Rs. 5 lakhs will be met from the Irrigation Reserves.

Outlay on Irrigation Works including ordinary maintenance and repairs are now financed from several sources, *viz.*,

(1) Capital funds.
(2) Current revenues.
(3) Reserves built out of revenue surpluses.
(4) Contributions from raiyats and other sources.
(5) Irrigation Cess Fund.
(6) Loans and advances recoverable from raiyats.

In view of their importance Government have considered it desirable to present as one whole all operations in regard to the outlay on Irrigation Works.

A separate appendix to the general Budget will comprise all Irrigation works including those financed from borrowed funds as well as from loans and advances made by Government. The details of the arrangement sanctioned by Government are contained in the Government order reprinted as annexure v (2).

62. The requirement of the Public Works Department for roads and communications inclusive of establishment charges amount to Rs. 13,13,000.

According to the arrangement recently sanctioned by Government (*vide* page 15 *supra*) the Department is entitled to a grant of Rs. 11 lakhs for works excluding provision for establishment and tools and plant *viz.* Rs. 2·03 lakhs.

The full programme is approved by Government. As it is expected that there will be a balance of Rs. 2·17 lakhs in the Road Fund on 1st July 1929, the grant for 24A Communications in the next year's Budget is fixed at Rs. 11 lakhs, an additional sum of Rs. 2·13 lakhs being drawn from the amount at the credit of the fund.

The Public Works Department will ask for an additional grant, if the progress of expenditure is satisfactory and plans and estimates are ready for further outlay being incurred.

63. The grant for Education is enhanced from Rs. 52·46 lakhs to Rs. 54·42 lakhs. Heavy demands for funds have been made by the University for meeting the initial and recurring cost of the Intermediate College scheme and for arranging for the transfer of Medical College to Mysore.

The budget grant for the University in the current year was Rs. 10·70 lakhs. This is proposed to be supplemented by an additional grant of Rs. 75,000 for completion of the building works in progress.

For the next year the grant to the University will be fixed at Rs. 12 lakhs including a special addition of Rs. 1½ lakhs, earmarked for buildings and equipment of the Medical College proposed to be transferred to Mysore from 1st July 1930.

The present arrangement of fixing the University grant at the time of preparation of each annual budget does not appear to be very satisfactory, as the determination of the amount to be given to that body will largely depend on the relative urgency of the demands of not only the University but also of the Government Departments and the available resources. The question of fixing the grant for the normal requirements of the University for a term of years, the new demands being provided for as they arise, deserves consideration.

Provision has also been made for expansion in the lower grades of Education. A sum of Rs. 25,000 is allotted for expansion of Primary education in rural areas as supplementary to the outlay from Cess funds. An extra allotment of Rs. 43,000 for the school buildings and grants for buildings and a sum of Rs. 69,000 for additional requirements on account of the continuance of temporary staff, etc., are also provided for.

64. The Budget of Agriculture, besides providing for the expansion of the normal work of the department on present lines, includes two special items, *viz.*, Rs. 1 lakh for the establishment of a Cattle Breeding station at Ajjampur and Rs. 20,000 for starting a *Kar Ragi* station at Hunsur.

The experiment of establishing a Serum Institute for manufacturing locally anti-rinderpest serum has proved a success, and the Budget includes a provision of Rs 1·80 lakhs for meeting the annual expenditure of this institution.

65. The experiment of well-boring through power drills has yielded promising results. A sum of Rs. 84,000 is provided in the next year's budget for the purchase and manufacture of power drills. It is proposed to provide each district in the State with at least one power drill for use in the district area.

The grant for drinking water wells including well-boring operations is accordingly placed at Rs. 2·03 lakhs

66. Improvement in revenue receipts over the budget anticipation of the current year and expectation of the continuance of favourable seasonal conditions in the ensuing year have made it possible to provide for the several beneficient measures aboye referred to after meeting practically all the needs of the administration on the existing standard.

67. The subjoined table furnishes a comparison of the Major head grants for next year with the previous level of expenditure for three years with necessary remarks explaining the more important variations from the Revised.

[In lakhs of Rupees.

Major Heads	Accounts 1926-27	Accounts 1927-28	Revised 1928-29	Budget 1929-30	Increase + Decrease — in the Budget as compared with the Revised	Remarks
	Rs.	Rs.	Rs.	Rs.	Rs.	
1. Land Revenue ...	28·50	28·37	28·65	29·68	+ ·83	Special provision made for Revenue establishment re-organisation, for re-survey of coffee land and for resumption of inam lands in Revenue Sales.
2. Forest ...	11·40	13·82	15·33	15·34	+ ·01	.....
3. Excise ...	4·17	4·21	4·40	5·96	+1·56	The budget includes a special provision of 1½ lakhs for the purchase of stock and block of the Government Central Distillery.
3A. Income-tax ...	·89	·92	·84	·87	+ ·3	.....
4. Stamps ...	·93	·92	·91	·93	+ ·2	.....
5. Registration ...	1·53	1·56	1·69	1·72	+ ·3	.....
7. Supervision of Mines and other charges.	2·09	2·08	2·05	2·10	+ ·5	.. ...
8. Sinking Fund ...	18·78	18·78	18·78	18·78	...	.....
9. Interest on debt and other obligations.	34·36	35·77	37·12	39·34	2·22	Interest on fixed deposits ... 1·66 *Increases* State Life Insurance Fund ... ·44 Departmental General Provident Fund ... ·11
11. Palace ...	26·10	25·10	26·10	26·10	...	.....
12. General Administration.	15·99	15·90	15·22	15 09	—13	The revised included a special provision on account of expenses of Bangalore Disturbances Enquiry Committee, which is absent in the next year's budget.
13. Muzrai Institutions.	3·70	3 52	3·57	3·58	+ ·1	.....
14. Scientific Miscellaneous.	·85	1·07	·90	1·04	+·14	.....
15. Pensions and allowances.	13·69	14·45	14·98	16·16	+1·18	Provision is made for normal increases under Superannuation and retired allowances and also for the grant of compassionate gratuities under the new scheme of affording relief to pensionable employees dying in harness or soon after retirement.
16. Stationery and Printing.	3·25	3·38	3·50	3·61	+·11	The increase over the revised is due to additional provision made for purchase of machinery.
17. Miscellaneous ...	·73	·93	·97	·67	—·30	Absence of special items of write off of irrecoverable loans included in the revised.
18. Courts of Law ..	9·96	10.36	10·90	10·77	+ ·13	Fall is under 1 Chief Court, 2 Law Officers, 3 District Civil & Criminal courts.
19. Jails ...	1·46	1·44	1·51	1·51	...	.....
20. Police ...	16·22	16·29	16·79	17·54	+ ·75	Increase is mainly due to special provision of 50,000 for reorganisation of Police Force.

[In lakhs of rupees.

Major Heads	Accounts 1926-27	Accounts 1927-28	Revised 1928-29	Budget 1929-30	Increase+ Decrease —in the Budget as compared with the Revised	Remarks
	Rs.	Rs.	Rs.	Rs.	Rs.	
21. Medical ...	10·18	11·45	11·90	12·05	+·15	Normal growth.
22. Sanitation and Vaccination.	·88	1·22	1 50	1·50	...	.....
23. Irrigation Works charged to revenue.	8·40	11·46	14·03	15·00	+·97	Enhanced grant given for Irrigation Works.
24. Civil Works ...	21.81	22·29	11·32	11·14	—·18	.....
24A. Communications...	...	...	13·02	11·00	—2·02	The contribution to the Road fund is Rs 11 lakhs, exclusive of establishment and tools and plant charges. The latter will be met out of the balance at the credit of the Fund.
25. Economic Development.	·75	1·03	1·02	1·31	·29	The normal grant for activities of the department (Rs. 1·30 lakhs) is provided for.
26. Education ...	47·61	46·44	52·46	54·42	1·96	Enhanced grant given to the University for transfer of the Medical College to Mysore (Rs. 1·50 lakhs) and additional funds (Rs. 1·25 lakhs) allotted for expansion of Primary Education, construction of building, etc,, account for the increase.
27. Agriculture ...	8·50	9·50	12·21	13·50	1·29	A special provision of Rs. 1,20,000 is made in the next years budget for the establishment of a cattle Breeding Station at Ajjampur and *Kar Ragi* Station.
28. Industries and Commerce.	1·57	1·99	1·45	1·80	·35	Budget includes provision for Badanaval Weaving Centre and for normal development in Experimental and Demonstration Work.
29. Co-operative Societies.	1·19	1·21	1·31	1·57	·26	Increase in pay to Registrar and creation of the post of the Deputy Registrar for work connected with the Land Mortgage Bank.
30. Grants for Public Improvement.	5·98	7·03	7·46	7·93	·47	Increased provision made for the purchase of Power Drills for well boring.
31. Army ...	17·57	18·91	19·11	18·89	—·22	.....
32. Subsidy ...	35·00	35·00	24·50	24·50	...	.....
33. Miscellaneous Railway expenditure.	·57	·21	·26	·20	— 6	.....
36. Miscellaneous Electrical Expenditure.	...	...	...	...	...	.....
Special Reserve for non-recurring expenditure.	...	·98	4·13	...	—4·13	.....
Total ...	354·62	368·39	380·09	385·60	+5·51	
Deduct expenditure met from Reserve Funds.	7·22	7·99	10·41	15·17	+4·76	
Total expenditure charged to revenue.	347·40	360·40	369·68	370·43	+1·13 +·75	

68. A statement showing the particulars of items of not less than Rs. 2,000 included under Miscellaneous and Other items in the Revenue and Expenditure Estimates of 1929-30 is as usual appended. (Not printed).

69. As already stated in para 40 *supra* the total estimated expenditure of the next year exceeds the revenues including the current interest on the Famine fund by Rs. 14·67 lakhs.

In accordance with the approved policy of speeding up construction of Irrigation Works by utilising the available Irrigation Reserves a sum of Rs. 5 lakhs out of the grant of Rs. 15 lakhs will be drawn from the Irrigation Capital Reserve and the Irrigation cess fund

The following non-recurring items included in the budget will be financed from the balance at the credit of the Special Reserve.

		Rs.
1.	Land Revenue.—	
	Survey of Malnad coffee estate	10,000
	Buying up of Inam lands forfeited for arrears of revenue ...	15,000
	Expenses for putting up boundary marks in phoded lands..	10,000
	Topographical survey	18,000
2.	Forest—	
	Survey Training	7,500
	Special provision for buildings, roads and water-supplies ...	28,500
	Do for sowing and planting...	25,000
3.	Excise.—	
	Purchase of stock and block of the Distillery	1,50,000
12.	General Administration.—	
	Expenses connected with the re-election of the Representative Assembly and Legislative Council	15,000
	Purchase of cars	10,000
16.	Stationery and Printing.—	
	Purchase of machines	25,000
27.	Education.—	
	Buildings and equipment for Medical College at Mysore ...	1,50,000
	Enhanced provision for construction of buildings and for building grants	30,000
	Additional requirements	69,000
26.	Agriculture.—	
	Buildings and equipment of the Cattle Breeding Station and *Kar Ragi* Station to be established at Ajjampur and Hunsur respectively	*70,000

(* Out of Rs. 1·20 lakhs provided for both recurring and non-recurring expenditure.)

		Rs
30.	Grants for public improvements.—	
	Purchase and manufacture of power drills	84,000
31.	Army.—	
	Purchase of remounts	20,000
	Transfer of Bar regiments consequent on the absorption of one of the three regiments	25,000
	Purchase of tents	8,000
	Acquisition of land for Kunigal Stud Farm	13,000
	All heads—Other items of non-recurring nature under contingencies and special charges	1,53,000
	Total debit to Special Reserve ..	10,17,000

70. In the result the revenue account of the next year will be balanced with a surplus of Rs. 50,000.

Capital Outlay.

71. The grants for the Capital departments for next year are fixed at Rs. 92,73,000. The details of the allotments to the different departments are as follows:—

			Rs.
37.	Railways		18 lakhs.
	For open lines ... Rs. 13 lakhs		
	For lines under construction ... „ 5 „		
38.	K. R. S. Hydro-Electrical and Irrigation Works.—		
	A. Dam Works (including provision for automatic gates.)	8·99	„
	B. Irrigation Works (Irwin Canal Works.) ...	41·83	„
	C. Hydro-Electrical Works	15·00	„
	Total ...	65·82	„
	Industrial or other Works	1·55	„
	Iron Works	7·36	„
	Total ...	92·73	„

For the open lines of the Railways, a sum of Rs. 5 lakhs has been provided for each of the 2 sections, *viz.*, Railways worked by Government and those worked by M. & S. M. Company.

An additional sum of Rs. 3 lakhs has also been provided for the re-modelling of the Mysore Railway Station and other special works.

The construction of the Shimoga-Arasalu Railway is expected to be completed by the end of this year and the line, opened for traffic. It is proposed to extend this railway up to Arasalu and

as the budget grant provided in the current year for this purpose will not be utilised, a sum of Rs. 5 lakhs is included in the Budget.

For pushing on the Irwin Canal Works an enhanced grant of about Rs. 42 lakhs has been allotted.

Provision has also to be made for raising the Waste Weir of the Krishnarajasagara Dam and for fixing up automatic gates. For these works as well as for the working out of the supplemental estimate of the Dam works, a sum of Rs. 8,99,000 has been proposed in the Budget.

The grant for the Electrical Department includes provision for the completion of the VII Installation Works, for the electrification of several mofussil towns and municipalities which have guaranteed interest on capital, and also for the reconstruction of telephone exchange in Bangalore and Mysore Cities.

Under Industrial or other works an aggregate provision of Rs. 1·55 lakhs has been made for the following items of work :—

	Rs.
For installing in the Soap-Factory a plant for the manufacture of Electrolytic alkalies ...	66,000
For buildings and machinery in the Sandal Oil Factory	60,000
Central Industrial Workshop (Minor Works) ...	15,000
Soap Factory (Minor Works)	14,000
Total ...	1,55,000

The current year's budget provided for a grant of Rs. 66,000 for the first item of work. As the necessary investigation in regard to the preparation of Caustic Soda and Chlorine products has not yet been completed, the current year's provision remaining unutilised is repeated in the next year's budget.

The capital demands of the Iron Works during the ensuing year include the balance of the estimate for New Pipe foundry (Rs. 4·50 lakhs) and for experiments in Steel manufacture (Rs 2 lakhs) as well as provision for minor works Rs ·86 lakhs.

72. In the last year's Memorandum, mention was made that the scheme of commutation of pension which had been suspended for some time was revived during the year 1927-28.

The privilege of commuting one-quarter pension was in the first instance restricted to those in receipt of pensions not exceeding Rs. 100 per mensem. The concession has since been extended

to pensioners of all grades subject to the condition that the pension to be commuted should not exceed Rs. 50 per mensem.

A sum of Rs. 2 lakhs is provided for meeting commutation claims in the next year.

Depreciation Fund Works.

73. A grant of Rs. 12,78,000 as per details given below has been made for Depreciation Fund Works, which will be financed out of funds formed for that purpose, in the Railway and Electrical Departments, and also in the revenue accounts of Sandal Oil Factory and Kolar Gold Fields Water Works.

			Rs.
1.	Krishnarajasagara Hydro-Electric and Irrigation Works		3,03,500
	VII. Installation Works. Sivasamudram Kolar Section ...	2,71,200	
	Unforeseen and other works ...	32,300	
2.	Railways—		
	(*a*) Normal works of renewal and replacements Rs. 5,00,000. (*b*) Re-railing of the Birur-Shimoga line with 60 lbs. rails Rs. 4,00,000.		9,00,000
3.	Sandal Oil Factory		69,500
4.	Kolar Gold Field Water Works		5,000
	Total ...		12,78,000

Land Mortgage Bank.

74. The current year's budget provided for an investment of Rs. 1 lakh in the proposed Central Land Mortgage Bank, the scheme for the constitution of which had received the sanction of Government (*vide* Government Order No. G. 11438-44—Sany. 30-26-7, dated 10th April 1928).

The details of the scheme are under re-examination, and a Deputy Director of Co-operative Societies has been recently appointed to be in charge of all work connected with this measure. The current year's budget grant is not expected to be utilised before the end of the year and the provision is repeated in the Budget

Ways and Means.

75. An abstract of the ways and means position during the current and next years compared with the accounts of 1925-26, 1926-27 and 1927-28 is given in the following table :—

[In lakhs of rupees.

Heads	Accounts			Revised	Budget
	1925-26	1926-27	1927-28	1928-29	1929-30
RECEIPTS.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Surplus ...	·34	...	·41	·30	·50
2. Interest on Mysore Railway Loan Sinking Fund Investments ...	5·00	5·01	...	5·01	5·01
3. Capital not charged to revenue. (Contribution by District Boards for construction of railways.)	2·70	3·52	—·48	·16	·17
4. Debt ...	...	...	3·67	...	...
5. Unfunded debt (*viz.*, Savings Banks deposits, etc.)	33·41	22·09	41·44	54·28	57·88
6. Investments ...	...	...	2·78	...	13·00
7. Reserve funds *net* ...	...	29·39	27·94	33·63	13·41
8. Other heads ...	43·39	23·44	9·84	9·64	·10
Total ...	84·84	83·45	85·30	103·02	90·07
DISBURSEMENTS.					
9. Deficit ...	...	8·71	...	...	...
10. Capital outlay not charged to revenue ...	28·01	28·49	68·51	94·41	92·73
11. Commutation of Pensions (net) ...	...	...	1·62	2·68	1·55
12. Investment accounts ...	35·12	31·65	...	5·94	...
13. Debt ...	...	...	...	1	1
14. Local and other funds ...	10·60	5·65	11·57	...	3·11
15. Other heads *net* ..	22·53	15·04	6·20	10·96	9·78
Total Disbursements ...	96·26	89·54	87·90	14·00	107·18
Net Outgoings ...	—11·42	—6·09	—2·60	— 10·98	—17·11
Opening Balance ...	100·00	88·58	82·49	79·90	68·92
Closing Balance ...	88·58	82·49	79·90	68·92	51·81

76 The scheme of Five Year Fixed Deposits in savings banks sanctioned with effect from 1st January 1928 has been popular with the investing public. The deposits received to-date under this arrangement have amounted to nearly Rs. 42 lakhs.

77. The large capital programme including the construction of the Irwin Canal Works and the completion of the VII Installation works account for the heavy cash outgoings. It has not therefore been possible to invest surplus cash balances in liquid securities as in the earlier years of the period under review, *viz.*, 1925-26 and 1926-27.

78. As the Treasury position would not admit of fresh investments on account of loan sinking fund, transfer of securities from the general investment account to the Loan sinking fund investment account has also become necessary.

79. The resource operations are being worked with a minimum treasury balance. The continual decrease in the cash balance in the State's Treasuries and Banks is due to the revised arrangement of financing the treasury requirements by obtaining temporary overdraft during the lean months of the year, instead of keeping cash balances idle at the commencement of the year in the State's Treasuries. The accretions to Savings Bank and other deposit balances with the reduction in cash balances has to a large extent facilitated the financing of big capital works, without resort to market borrowing.

80. The Budget does not provide for any grant for the construction of the New Bangalore Water Supply Scheme including the construction of a reservoir at Thippagondanahalli. This is a big project involving large issues. The question is still under consideration. When the scheme matures, the question of financing it will be examined and proposals formulated.

Assets and Liabilities.

81. The usual statements showing the Assets and Liabilities of the State as on 1st July 1928 and as they are expected to stand on 30th June 1929 and 30th June 1930 according to the Revised Estimates of 1928-29 and the Budget of 1929-30 is attached to the Memorandum. (Not printed.)

82. The State's capital investment in the form of fixed assets will be roughly Rs. 14 crores, at the end of 1929-30 and the net return expected from the productive works during the next year is Rs. 58 lakhs, which fully cover the Interest and Sinking Fund charges and yield besides a net profit of Rs. 6 lakhs in the shape of interest. Viewed as a whole, the State's properties are yielding a reasonable return on the invested capital. The gross assets of

the State are expected to rise in two years by about Rs. 1·74 crores. The net assets will be Rs. 612 lakhs by the end of June 1930 against Rs. 6·06 lakhs at the commencement of the current year, thus showing an increase of Rs. 6 lakhs during the interval.

83. The public loan liabilities of the State including the Shimoga District Board Railway loan amount to Rs. 5·19 crores the details for which are as under:—

		Rs.
I.	Mysore Railway Sterling:—	
	Loan of 1886—£ 1,200,000 ...	1,60,62,000
II.	Rupee Loans:—	
	(i) 4 per cent Loan of 1906-07 notified for discharge in 1921 ...	11,000
	(ii) 5½ per cent Loan of 1919-20 repayable in 1929-44	8,80,000
	(iii) 6¼ per cent Loan of 1921-22 repayable in 1940	1,19,36,000
	(iv) 6½ per cent Loan of 1922-22 repayable in 1941-51	30.50,000
	(v) 7 per cent Loan of 1921-22 repayable in 1931.	1,95,57,000
	(vi) Shimoga District Board Railway Loan. taken over by Government.	3,71,000
	Total ...	5,18,67,000

The Railway Sterling Loan Sinking Fund built up by the State amounts to Rs. 1,24,65,000. As the State has, besides, purchased Southern Mahratta 4 per cent Debenture stock of the face value of about £ 500,000, the sterling debt may be considered as fully covered.

As regards the rupee loans, sinking funds for repayment of the three loans, *viz.*, 6¼ per cent, 6½ per cent and 7 per cent bonds issued in 1920-21 and 1921-22, have been constituted and the following instalments will have been paid by the General Revenues up to 30th June 1930.

(1) Ten out of 20 instalments of the 6¼ per cent Loan.
(2) Nine out of 20 instalments of the 6½ do
(3) Nine out of 10 instalments of the 7 do

The aggregate amount of these three sinking funds with accumulated interest will amount to about Rs. 221·73 lakhs at the end of the next year, which more than covers the outstandings under the short-term 7 per cent loan. The premium which this paper has so far fetched is disappearing, as the date of redemption approaches. As soon as the market conditions are favourable for the flotation of a public loan, the question of replacing the high-interest-bearing securities by a long-term loan of a lower rate of interest will be considered by Government.

BANGALORE,
20th May 1929.

B. SRINIVASA IYENGAR,
Financial Secretary.